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EXAMINER

FRENEL, VANEL

ART UNIT PAPER NUMBER

3626

DATE MAILED: 05/18/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

# Office Action Summary

Application No.

09/645,795

Applicant(s)

WALLACH ET AL.

Examiner

Vanel Frenel

Art Unit

3626

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

## Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 08/24/03.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1-77 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-77 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on \_\_\_\_\_ is: a) ☐ approved b) ☐ disapproved by the Examiner.
- If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

## Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

## Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449) Paper No(s) 7.
- 4) ☐ Interview Summary (PTO-413) Paper No(s). \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: \_\_\_\_\_

Art Unit: 3626

## DETAILED ACTION

### Notice to Applicant

1. This communication is in response to the Amendment filed 12/29/03. Claims 1-3 have been amended. Claims 5-77 have been newly added. Claims 1-77 are pending.
2. The rejection of the previous Office Action is maintained.

### ***Claim Rejections - 35 USC § 101***

3. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

4. Claims 1-18, 22-35, 39-53, 57-58, 65, 69 and 74 are rejected under 35 U.S.C.

101 because the claimed invention is directed to non-statutory subject matter.

The basic of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technology arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

In the present case, claims 1-18, 22-35, 39-53, 57-58, 65, 69 and 74 are non-statutory. Among this group only claims 58 and 69 recite "a computer for providing an incentive incident to the purchase or re-lease of an automobile, comprising the steps of" in its preamble but does not recite any technological device in the body of the claim in performing the various steps of "processing" within the computer system.

As to technological arts recited in the preamble, mere recitation in the preamble (i.e., intended or field of use) or mere implication of employing a machine or article of

Art Unit: 3626

manufacture to perform some or all of the recited steps does not confer statutory subject matter to an otherwise abstract idea unless there is positive recitation in the claim as a whole to breathe life and meaning into the preamble.

As per claims 1-18, 22-35, 39-53, 57-58, 65, 69 and 74, Examiner respectfully requests a clear and definite language tying the body of the claim to a technological device such as a computer, and not merely in the preamble.

As per claims 58 and 69, Examiner respectfully submits that the recited "computer" is utilized in a trivial manner (i.e., passively recorded). In order to pass muster under 35 U.S.C. 101, the recited technological device must be employed in a non-trivial manner (e.g.), "for providing an incentive incident to the purchase or re-lease of an automobile".

As to technological arts recited in the preamble, mere recitation in the preamble (i.e., intended or field of use) or mere implication of employing a machine or article of manufacture to perform some or all of the recited steps does not confer statutory subject matter to an otherwise abstract idea unless there is positive recitation in the claim as a whole to breathe life and meaning into the preamble. In the present case, none of the recited steps are directed to anything in the technological arts as explained above with the exception of the recitation in the preamble that the method is "a computer system". Looking at the claims 1-18, 22-35, 39-53, 57-58, 65, 69 and 74 as a whole, nothing in the body of the claims recites any structure or functionality to suggest that a computer performs

Art Unit: 3626

the recited steps. Therefore, the preamble is taken to merely recite a field of use.

Additionally, for a claimed invention to be statutory, the claimed invention must produce a useful, concrete, and tangible result. In the present case, the claimed invention produces a sale and lease of an item (i.e., repeatable) used in helping buyer to calculate a premium (i.e., useful and tangible).

Although the recited process produces a useful, concrete, and tangible result, since the claimed invention, as a whole, is not within the technological arts as explained above, claims 1-18, 22-35, 39-53, 57-58, 65, 69 and 74 are deemed to be directed to non-statutory subject matter. Therefore, the rejection under 35 U.S.C. 101 is hereby maintained.

#### Claim Rejections - 35 USC § 103

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. Claims 1, 19-21, 58, 65-69 and 74-77 are rejected under 35 U.S.C. 103(a) as being unpatentable over Joao (6,347,302) in view of Bell et al (6,574,606).

(A) As per claim 1, Joao discloses identifying a lease on an item that corresponds to an electronically stored record, the lease having an approaching expiration date (See

Art Unit: 3626

Joao Col.16; lines 49-67 to Col.17; line 33); identifying a customer corresponding to the lease (Col.11; lines 43-67).

Joao does not explicitly disclose a method for encouraging the purchase or re-leasing of an item after an expiration of a lease and offering the customer a paid insurance policy in exchange for purchasing or re-leasing the item after the expiration date.

However, these features are known in the art, as evidenced by Bell. In particular, Bell suggests a method for encouraging the purchase or re-leasing of an item after an expiration of a lease and offering the customer a paid insurance policy in exchange for purchasing or re-leasing the item after the expiration date (See Bell Col.3, lines 18-67; Col.4, lines 11-51).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Bell within the system of Joao with the motivation of providing customer loyalty programs or add-on service programs. Such services enhance profitability by providing increased revenue on each sale (See Bell, Col.1, lines 32-40).

(B) As per claim 5, Joao discloses the method wherein the insurance policy covers the item upon a completion of the purchase of the item by the customer (Col.6, lines 7-57).

(C) As per claim 6, Joao discloses the method further comprising: entering into a sales agreement with the customer (Col.11, lines 22-60).

Art Unit: 3626

(D) As per claim 7, Joao discloses the method, further comprising: paying a premium to an insurance provider for the insurance for the item (Col.11, lines 66-67 to Col.12, line 54).

(E) As per claim 8, Joao discloses the method wherein the insurance policy has a maximum term of one year (Col.18, lines 11-30).

(F) As per claim 9, Joao discloses the method wherein the item is an automobile of a particular make and a model (Col.11; lines 32-42).

(G) As per claim 10, Joao discloses the method wherein the insurance policy covers comprehensive losses relating to the item (Col.12, lines 39-67).

(H) As per claim 11, Joao discloses the method wherein the insurance policy covers collision losses relating to the item (Col.12; lines 39-67).

(I) As per claim 12, Joao discloses the method wherein the insurance policy is provided without consideration of further characteristics of the buyer by an insurance provider (Col.9; lines 15-67; Col.34-53).

Art Unit: 3626

(J) As per claim 13, Joao discloses the method wherein the insurance policy covers all users of the item (Col.9; lines 15-67).

(K) As per claim 14, Joao discloses the method wherein said offering further comprises paying at least a portion of the insurance premium for the insurance policy (Col.9; lines 25-67; Col.14; lines 29-65).

(L) As per claim 15, Joao discloses the method wherein said paying further comprises: paying the insurance premium to an affiliate for the insurance policy (Col.13; lines 34-67; Col.14; lines 29-67).

(M) As per claim 16, Joao discloses the method wherein the insurance premium is the same for each of a class of items to which the item belongs (Col.6, lines 7-67).

(N) As per claim 17, Joao discloses the method wherein the customer must reside in a selected geographic region to receive the insurance (Col.6; lines 7-67).

(O) As per claim 18, Joao discloses the method wherein the insurance is provided based on a class of the item and a geographic region which the customer resides, without consideration of further characteristics of the buyer by an insurance provider (Col.6; lines 7-67).

Art Unit: 3626

(P) As per claim 19, Joao discloses means for identifying a lease on an item, the lease having an approaching expiration date (Col.11; lines 43-67); means for identifying a customer corresponding to the lease (Col.11, lines 43-67).

Joao does not explicitly disclose an apparatus for encouraging a purchase of an item after an expiration of a lease for the item, and means for offering the customer an insurance policy for the item in exchange for purchasing the item after the expiration date.

However, these features are known in the art, as evidenced by Bell. In particular, Bell suggests an apparatus for encouraging a purchase of an item after an expiration of a lease for the item, and means for offering the customer an insurance policy for the item in exchange for purchasing the item after the expiration date (See Bell Col.3, lines 18-67; Col.4, lines 11-51).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Bell within the system of Joao with the motivation of providing customer loyalty programs or add-on service programs. Such services enhance profitability by providing increased revenue on each sale (See Bell, Col.1, lines 32-40).

(Q) As per claim 20, Joao discloses a processor (Col.11, lines 22-31); and a memory in communication with the processor, the memory for storing a plurality of processing instructions enabling the processor to: identify a lease on an item the lease having an approaching expiration date (Col.15, lines 49-67 to Col.16, line 65); identify a customer corresponding to the lease (Col.15, lines 49-67 to Col.16, line 65).

Art Unit: 3626

Joao does not explicitly disclose an apparatus for encouraging a purchase of an item after an expiration of a lease for the item and provide an offer to the customer for an insurance policy for the item in exchange for purchasing the item after the expiration date.

However, these features are known in the art, as evidenced by Bell. In particular, Bell suggests an apparatus for encouraging a purchase of an item after an expiration of a lease for the item, and means for offering the customer an insurance policy for the item in exchange for purchasing the item after the expiration date (See Bell Col.3, lines 18-67; Col.4, lines 11-51).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Bell within the system of Joao with the motivation of providing customer loyalty programs or add-on service programs. Such services enhance profitability by providing increased revenue on each sale (See Bell, Col.1, lines 32-40).

(R) Claim 21 differs from claims 1-3, and 19-20, by reciting a computer-readable medium encoded with processing instructions for implementing a method, performed by a computer, for encouraging a purchase of an item after an expiration of a lease for the item.

As per this limitation, it is noted that Joao discloses the method comprising: identifying a lease on an item, the lease having an approaching expiration date, identifying a customer corresponding to the lease (Col.11, lines 43-67) and Bell discloses offering the customer an insurance policy for the item in exchange for

Art Unit: 3626

purchasing the item after the expiration date (See Bell Col.3, lines 18-67; Col.4, lines 11-51).

Thus, it is readily apparent these prior art systems utilize a computer-readable medium encoded with processing instructions for implementing a method, performed by a computer, for encouraging a purchase of an item after an expiration of a lease for the item to perform their specified function.

The remainder of claim 21 is rejected for the same reason given above for claims 1-3, and 19-20, and incorporated herein.

(S) Claim 58 differs from claims 1-3, 19-21, 36-39, and 54-57 by reciting a method operable on a computer for providing an incentive incident to the purchase or release of an automobile.

As per this limitation, it is noted that Joao discloses comprising the steps of: identifying a plurality of automobile models for which it is identifying a plurality of leased automobiles, each of said leased automobiles comprising one of said plurality of automobile models, each of said plurality of leased automobiles owned by a respective lessee, each of said plurality of leased automobiles scheduled to come off lease on an approaching expiration date (See Joao Col.11, lines 22-67; Col.26-67 to Col.14, line 65); initiating to the lessee of each of said plurality of leased automobiles an offer to pay at least a portion of an insurance premium for an automobile insurance policy covering said current lessee for the currently leased automobile if the lessee purchases or releases the currently leased automobile upon the

Art Unit: 3626

expiration date (See Joao, Col.9, lines 8-67); paying, upon the purchase or re-lease of at least one of said plurality of leased automobiles by a current lessee, at least a portion of the cost of the automobile insurance policy covering said current lessee for the purchased or re-leased automobile (See Joao, Col.9, lines 8-67); and initiating the issuance of said automobile insurance policy covering said current lessee covering said current lessee for the purchased or re-leased automobile (See Joao, Col.9, lines 8-67) and Bell discloses an incentive to encourage the sale or re-lease of said plurality of automobile models (See Bell, Col.3, lines 18-67 to Col.4, line 51).

Thus, it is readily apparent these prior art systems utilize a computer for providing an incentive incident to the purchase or re-lease of an automobile to perform their specified function.

The remainder of claim 58 is rejected for the same reason given above for claims 1-3, 19-21, 36-39 and 54-57, and incorporated herein.

(T) Claims 65-69 and 74-77 recite the same limitations as claim 58 above, are therefore rejected under the same rationale.

7. Claims 2, 38-39 and 56 are rejected under 35 U.S.C. 103(a) as being unpatentable over Joao (6,347,302), Bell et al (6,574,606) in view of Ryan et al (6,304,859).

(A) As per claim 2, Joao discloses identifying a customer record electronically stored having a lease on an item, the lease having an approaching expiration date (See Joao

Art Unit: 3626

Col.16; lines 49-67 to Col.17; line 33); and determining a term for an insurance policy, the insurance policy having an insurance premium at most equal to the difference (See Joao Col.7, lines 66-67 to Col.8, line 67); a method for encouraging the purchase or re-leasing of an item after an expiration of a lease (See Bell, Col.3, lines 18-67).

Joao and Bell do not explicitly disclose calculating a difference between an actual residual value and a projected residual value of the item; and if the customer purchases or re-leases the item at the expiration of the lease, paying the insurance premium on behalf of the customer for the term of the insurance policy.

However, these features are known in the art, as evidenced by Ryan. In particular, Ryan suggests calculating a difference between an actual residual value and a projected residual value of the item (See Ryan, Col.6, lines 5-67); and if the customer purchases or re-leases the item at the expiration of the lease, paying the insurance premium on behalf of the customer for the term of the insurance policy (See Ryan, Col. 6, lines 5-67).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the features of Ryan within the combined teachings of Joao and Bell with the motivation of providing a system performing three processes which ideally occur simultaneously, namely, 1) optimal premium determination, 2) current cash value monitoring, and 3) periodic reporting (See Ryan Col.5, lines 16-19).

(B) As per claim 38, Joao discloses a computer-readable medium encoded with processing instructions for implementing a method, performed by a computer (See Joao

Art Unit: 3626

Col.5, lines 38-67 to Col.6, line 6), for encouraging the purchase of an item after an expiration of a lease for the item (See Bell, Col.3, lines 18-67); the method comprising: identifying a customer having a lease on an item, the lease having an approaching expiration date (See Joao Col.15, lines 49-67 to Col.16, line 65).

Joao and Bell do not explicitly disclose calculating a difference between an actual residual value and a projected residual value of the item; determining a term for an insurance policy, the insurance policy having an insurance premium at most equal to the difference; and if the customer purchases the item at the expiration of the lease, paying at least a portion the insurance premium on behalf of the customer for the term of the insurance policy.

However, these features are known in the art, as evidenced by Ryan. In particular, Ryan suggests calculating a difference between an actual residual value and a projected residual value of the item (See Ryan, Col.6, lines 5-67); determining a term for an insurance policy, the insurance policy having an insurance premium at most equal to the difference (See Ryan, Col.6, lines 5-67) and if the customer purchases the item at the expiration of the lease, paying at least a portion the insurance premium on behalf of the customer for the term of the insurance policy (See Ryan, Col.6, lines 5-67).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the features of Ryan within the combined teachings of Joao and Bell with the motivation of providing a system performing three processes which

Art Unit: 3626

ideally occur simultaneously, namely, 1) optimal premium determination, 2) current cash value monitoring, and 3) periodic reporting (See Ryan Col.5, lines 16-19).

(C) Claim 39 recites the same limitations as claim 38 above, is therefore rejected under the same rationale.

(D) Claim 56 recites the same limitations as claim 38 above, is therefore rejected under the same rationale.

8. Claims 3, 36-37, 54-55 and 57 are rejected under 35 U.S.C. 103(a) as being unpatentable over Joao (6,347,302) in view of Ryan et al (6,304,859).

(A) As per claim 3, Joao discloses a method for receiving an insurance policy for an item, comprising: leasing an item for a predetermined period of time (Col.13, lines 34-67 to Col.14, line 65); creating an electronic record associated with the item, storing the electronic record (See Joao Col.16; lines 49-67 to Col.17; line 33); purchasing the item at the expiration of the predetermined period of time (See Joao; Col.13, 34-67 to Col.4, line 65).

Joao does not explicitly disclose receiving an insurance policy for the item, wherein at least a portion of the premium corresponding to the insurance policy is paid by a third party, in exchange for the purchase of the item.

However, this feature is known in the art, as evidenced by Ryan. In particular, Ryan suggests receiving an insurance policy for the item, wherein at least a portion of

Art Unit: 3626

the premium corresponding to the insurance policy is paid by a third party, in exchange for the purchase of the item (See Ryan, Col.4, lines 22-67).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Ryan within the system of Joao with the motivation of providing a system performing three processes which ideally occur simultaneously, namely, 1) optimal premium determination, 2) current cash value monitoring, and 3) periodic reporting (See Ryan Col.5, lines 16-19).

(B) As per claim 4, Joao discloses the method wherein said purchasing comprising re-leasing the item (Col.1, lines 5-12; Col.2, lines 58-67 to Col.3, line 40).

(C) Claim 36 differs from claims 1-3, and 19-21 by reciting an apparatus for encouraging the purchase of an item after all expiration of a lease for the item.

As per this limitation, it is noted that Joao discloses means for identifying a customer having a lease on all item, the lease having an approaching expiration date (Col.11, lines 43-67); means for calculating a difference between all actual residual value and a projected residual value of the item; means for determining a term for an insurance policy, the insurance policy having an insurance premium at most equal to the difference (See Joao Col.7, lines 66-67 to Col.8, line 67) and Ryan discloses means for calculating a difference between all actual residual value and a projected residual value of the item (See Ryan, Col.6, lines 40-67; Col.12, lines 1-67); and means for paying at least a portion of the insurance premium on behalf of the

Art Unit: 3626

customer for the term of the insurance policy if the customer purchases the item at the expiration of the lease (See Ryan, Col.13, lines 1-67 to Col.14, line 67).

Thus, it is readily apparent these prior art systems utilize an apparatus for encouraging the purchase of an item after all expiration of a lease for the item to perform their specified function.

The remainder of claim 36 is rejected for the same reason given above for claims 1-3, and 19-21, and incorporated herein.

(D) As per claim 37, Joao discloses a processor (Col.11, lines 22-31); and a memory in communication with the processor, the memory for storing a plurality of processing instructions enabling the processor to: identify a customer having a lease on all item, the lease having an approaching expiration date (Col.15, lines 49-67 to Col.16, line 65); determine a term for an insurance policy the insurance policy having an insurance premium at most equal to the difference (See Joao Col.7, lines 66-67 to Col.8, line 67); an apparatus for encouraging the purchase of an item after an expiration of a lease for the item (See Bell, Col.3, lines 18-67).

Joao and Bell do not explicitly disclose calculate a difference between all actual residual value and a projected residual value of the item; and pay at least a portion of the insurance premium on behalf of the customer for the term of the insurance policy, if the customer purchases the item at the expiration of the lease.

However, these features are known in the art, as evidenced by Ryan. In particular, Ryan suggests calculate a difference between all actual residual value and

Art Unit: 3626

a projected residual value of the item (See Ryan, Col.6, lines 5-67); and pay at least a portion of the insurance premium on behalf of the customer for the term of the insurance policy, if the customer purchases the item at the expiration of the lease (See Ryan, Col.6, lines 5-67).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the features of Ryan within the combined teachings of Joao and Bell with the motivation of providing a system performing three processes which ideally occur simultaneously, namely, 1) optimal premium determination, 2) current cash value monitoring, and 3) periodic reporting (See Ryan Col.5, lines 16-19).

(E) Claim 54 recites the same limitations as claim 36 above, is therefore rejected under the same rationale.

(F) Claim 55 recites the same limitations as claim 37 above, is therefore rejected under the same rationale.

(G) As per claim 57, Joao discloses a method for receiving an insurance policy for an item, comprising: leasing an item for a predetermined period of time (Col.13, lines 34-67 to Col.14, line 65); entering into a new lease agreement for the item at the expiration of the predetermined period of time (See Joao; Col.11, lines 18-67; Col.13, 34-67 to Col.4, line 65).

Art Unit: 3626

Joao does not explicitly disclose receiving an insurance policy for the item, wherein at least a portion of the premium corresponding to the insurance policy is paid by a third party.

However, this feature is known in the art, as evidenced by Ryan. In particular, Ryan suggests receiving an insurance policy for the item, wherein at least a portion of the premium corresponding to the insurance policy is paid by a third party (See Ryan, Col.4, lines 22-67).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Ryan within the system of Joao with the motivation of providing a system performing three processes which ideally occur simultaneously, namely, 1) optimal premium determination, 2) current cash value monitoring, and 3) periodic reporting (See Ryan Col.5, lines 16-19).

(H) Claims 22-35 and 40-53 recite the underlying process of the elements of claims 5-18, and respectively. As the various elements of claims 5-18 have been shown to be either disclosed by or obvious in view of the collective teachings of Joao, Bell and Ryan, it is readily apparent that the apparatus disclosed by the applied prior art performs the recited underlying functions. As such, the limitations recited in claims 22-35 and 40-53 are rejected for the same reasons given above for system claims 5-18, and incorporated herein.

Art Unit: 3626

(I) Claims 70-73 recite the underlying process of the elements of claims 59-63, and respectively. As the various elements of claims 59-63 have been shown to be either disclosed by or obvious in view of the collective teachings of Joao, Bell and Ryan, it is readily apparent that the apparatus disclosed by the applied prior art performs the recited underlying functions. As such, the limitations recited in claims 70-73 are rejected for the same reasons given above for system claims 59-63, and incorporated herein.

### ***Response to Arguments***

9. Applicant's arguments filed 12/29/03 regarding claims 1-4 have been fully considered but they are not persuasive. Applicant's arguments will be addressed hereinbelow in the order in which they appear in the response filed 12/29/03.

At pages 21-26 of the 12/29/03, Applicant's argues the followings:

(1) The withdrawal of the rejection under 35 U.S.C. 101.

(2) Neither Joao nor Bell taken either alone or in combination, teaches or suggests offering the customer a paid insurance policy in exchange for purchasing or re-leasing the item after the expiration date, as recited in claim 1.

Neither Joao nor Ryan teach or suggest paying the calculated insurance premium on behalf of the customer, if the customer purchases or re-leases the item.

(3) The cited references do not teach or suggest a third party paying for at least a portion of a premium of an insurance policy in exchange by a third party.

Art Unit: 3626

(B) Regarding the requirement under 35 U.S.C. § 101 that a claimed invention be limited to the technological arts in order to be deemed statutory and in response to Applicant's arguments found on pages 15-16, the Examiner submits that the phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts." See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts."

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature," "natural phenomena," and "abstract ideas." See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998). This addresses the second test under 35 U.S.C § 101 of whether or not an invention is eligible for a patent. The Manual of Patent Examining Procedure reiterates this point. More specifically, MPEP § 2106(II)(A) states, "The claimed invention as a whole must accomplish a practical application. That is, it must produce a 'useful, concrete and tangible result.' *State Street*, 149 F.3d at 1373, 47 USPQ2d at 1601-02." Furthermore,

Art Unit: 3626

"Only when the claim is devoid of any limitation to a practical application in the technological arts should it be rejected under 35 U.S.C. 101." (MPEP § 2106(II)(A))

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts." The court developed a "technological arts" analysis: The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court

Art Unit: 3626

found that the “mathematical exception” using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a “useful, concrete and tangible result.” See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no “business method exception” since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that “[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112.” See *State Street Bank & Trust Co.* at 1377. Both of these analyses go towards whether the claimed invention is non-statutory because of the presence of an abstract idea. *State Street* never addressed the first part of the analysis, i.e., the “technological arts” test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) **was already determined to be within the technological arts** under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences in affirming a §101 rejection finding the claimed invention to be non-statutory for failing the technological arts test. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

What is indeed important to note in the *Bowman* decision is that the Board acknowledged the dichotomy of the analysis of the claims under 35 U.S.C. § 101, thereby emphasizing the fact that not only must the claimed invention produce a “useful, concrete and tangible result,” **but that it must also be limited to the technological**

Art Unit: 3626

**arts** in order to be deemed statutory under the guidelines of 35 U.S.C. § 101.

Therefore, Applicant's argument is not persuasive.

(C) With respect to Applicant's second argument, Examiner respectfully submits that obviousness is not determined on the basis of the evidence as a whole and the relative persuasiveness of the arguments. See *In re Oetiker*, 977F. 2d 1443, 1445, 24 USPQ2d 1443, 1444 (Fed. Cir. 1992); *In re Hedges*, 783F.2d 1038, 1039, 228 USPQ 685, 686 (Fed. Cir. 1992); *In re Piaseckii*, 745 F.2d 1468, 1472, 223 USPQ 785, 788 (Fed. Cir. 1984); *In re Rinehart*, 531 F.2d 1048, 1052, 189 USPQ 143, 147 (CCPA 1976).

Using this standard, the Examiner respectfully submits that he has at least satisfied the burden of presenting a prima facie case of obviousness, since he has presented evidence of corresponding claim elements in the prior art and has expressly articulated the combinations and the motivations for combinations that fairly suggest Applicant's claimed invention (See paper number 13). Note, for example, in the instant case, the Examiner respectfully notes that each and every motivation to combine the applied references are accompanied by select portions of the respective reference(s) which specially support that particular motivation and /or an explanation based on the logic and scientific reasoning of one ordinarily skilled in the art at the time of the invention that support a holding of obviousness. As such, it is not seen that the Examiner's combination of references is unsupported by the applied prior art of record.

Rather, it is respectfully submitted that explanation based on the logic and scientific reasoning of one of ordinarily skilled in the art at the time of the invention that support a

Art Unit: 3626

holding of obviousness has been adequately provided by the motivations and reasons indicated by the Examiner, *Ex parte Levengood*, 28 USPQ2d 1300(Bd. Pat. App. & Inter., 4/22/93). Therefore, the combination of references is proper and the rejection is maintained.

In addition, the Examiner recognizes that references cannot be arbitrarily altered or modified and that there must be some reason why one skilled in the art would be motivated to make the proposed modifications. However, although the Examiner agrees that the motivation or suggestion to make modifications must be articulated, it is respectfully contended that there is no requirement that the motivation to make modifications must be expressly articulated within the references themselves. References are evaluated by what they suggest to one versed in the art, rather than by their specific disclosures, *In re Bozek*, 163 USPQ 545 (CCPA 1969). Therefore, Applicant's argument is not persuasive.

(D) With respect to Applicant's third argument, Examiner respectfully submits Ryan discloses a portion of the policy money to finance the premium so that premium payments must be enough to allow the policy to grow sufficiently. Therefore, Applicant's arguments are nonpersuasive.

**10. THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

Art Unit: 3626

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the mailing date of this final action.

### ***Conclusion***

11. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. The cited not applied art teaches insurance verification system and method (6,233,563), motor vehicle monitoring system for determining a cost of insurance (5,797,134), method and apparatus for internet on-line insurance policy service (2002/0116228), system and method for real-time rating, underwriting and policy issuance (2002/0091550) and system and method for facilitating transfer of vehicle leases.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Vanel Frenel whose telephone number is 703-305-4952. The examiner can normally be reached on 6:30am-5:00pm.


If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Joseph Thomas can be reached on 703-305-9588. The fax phone

Art Unit: 3626

numbers for the organization where this application or proceeding is assigned are 703-305-7687 for regular communications and 703-305-7687 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-308-1113.

V.F  
V.F  
May 17, 2004

  
JOSEPH THOMAS  
SUPERVISORY PATENT EXAMINER  
TECHNOLOGY CENTER 3600